

## Message Text

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73

ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 RSC-01 CIEP-01 SP-02 STR-01

TRSE-00 LAB-04 SIL-01 SAM-01 OMB-01 L-02 AGR-05 TAR-01

PA-01 PRS-01 USIA-06 /064 W

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R 271844Z JAN 75

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 8178

INFO ALL EC CAPITALS 275

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E.O. 11652: N/A

TAGS: EFIN, EEC

SUBJECT: UK RENEGOTIATIONS--THE BUDGET ISSUE

REF: EC BRUSSELS 00499

1. SENIOR COMMISSION AND UK PERMDEL SOURCES BRIEFED US ON THE CURRENT STATUS OF DISCUSSIONS REGARDING THE UK BUDGET ISSUE. THE ARGUMENT OVER "OWN RESOURCES" CONTINUES TO BE A KEY POINT OF DISPUTE. THE FRENCH REPORTEDLY ARE ARGUING THAT THE "CORRECTIVE MECHANISM" SHOULD NOT APPLY TO CUSTOM DUTIES AND AGRICULTURAL LEVIES. UK SOURCES HERE MAINTAIN IT WAS AGREED AT THE PARIS SUMMIT TO INCLUDE ALL TYPES OF BUDGETARY PAYMENTS. THEY SAY THAT THE FRENCH ARE NOW BACKTRACKING ON THIS AGREEMENT AND THE UK FIND THIS UN-ACCEPTABLE.

2. THE COMMISSION HAS DEVELOPED SEVERAL POSSIBILITIES FOR COMPENSATING MEMBER STATES FOR DISPROPORTIONATE BUDGETARY PAYMENTS. RATHER THAN REDUCING PAYMENTS, THE COMMISSION TENDS TO FAVOR REIMBURSEMENT BY INCREASING EC BUDGETARY EXPENDITURES TO THE COUNTRY CONCERNED THE

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FOLLOWING YEAR. THE UK REPORTEDLY FAVORS THIS PROPOSAL

BUT WANTS AN AUTOMATIC MECHANISM; OTHER MEMBER STATES  
WOULD LIKE AN AD HOC MECHANISM.

3. THE FRG REPORTEDLY MAINTAINS THAT THE AMOUNT OF REIMBURSEMENT SHOULD BE BASED ON NET FLOWS, I.E., BUDGETARY PAYMENTS MINUS RECEIPTS. OUR BRITISH SOURCES SAY THE UK IS WILLING TO ACCEPT THIS PROPOSAL AND SEVERAL UK OFFICIALS HAVE GONE TO BONN TO DISCUSS A COMPROMISE FORMULA WITH THE FRG. IT IS THE BRITISH INTENTION TO DETACH THE GERMANS FROM THE FRENCH ON THE BUDGET ISSUE.

4. THE COMMISSION WILL REVIEW THE OPTIONS PAPER ON THE BUDGET ISSUE ON JANUARY 30. MEMBER STATES EXPECT TO RECEIVE IT EARLY IN FEBRUARY. GREENWALD

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## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** BUDGETS, MEMBERSHIP, NEGOTIATIONS, RELATIONS WITH REGIONAL ORGS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 27 JAN 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975ECBRU00722  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750030-0232  
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**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Page Count:** 2  
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**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 EC BRUSSELS 00499  
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**Review Authority:** GolinoFR  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** UK RENEGOTIATIONS--THE BUDGET ISSUE  
**TAGS:** EFIN, EEC  
**To:** STATE  
**Type:** TE  
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